

**CHAPTER NO. 927**

**HOUSE BILL NO. 3503**

**By Representatives McMillan, Hackworth**

**Substituted for: Senate Bill No. 3393**

**By Senators Trail, Crutchfield**

AN ACT to amend Tennessee Code Annotated, Section 50-7-403(b)(1)(B), relative to the employment security law.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 50-7-403(b)(1)(B), is amended by deleting the word "Notwithstanding" at the beginning of the first sentence of such subdivision and substituting instead the words "Prior to July 1, 2004, and notwithstanding".

SECTION 2. Tennessee Code Annotated, Section, 50-7-403(b)(1)(B), is further amended by designating the language in such subdivision as subdivision (i).

SECTION 3. Tennessee Code Annotated, Section 50-7-403(b)(1)(B), is further amended by adding the following language as a new subdivision (ii):

Effective July 1, 2004, and notwithstanding the provisions of subsection (f), the premium rate assigned to each new employer for each twelve-month period beginning each July 1 shall be two and seven-tenths percent (2.7%) except when the industry or business of the new employer falls within a 2-digit classification of the North American Industry Classification System (NAICS) which has a reserve ratio of less than zero percent (0.0%). In those instances only, the new employer rates shall be determined for each twelve-month period beginning July 1 by matching the reserve ratio of a 2-digit North American Industry Classification System (NAICS) in which the employer's industry or business is classified to the appropriate premium rates in premium rate tables 1, 2, 3, 4, 5 and 6 of subsection (g). This new employer premium rate will be assigned for each tax rate year beginning each July 1. This new employer premium rate applies to all employers who do not qualify for a rate based upon experience as defined in subsection (f). The reserve ratio of each 2-digit North American Industry Classification System is determined for each classification by:

- (a) totaling all premiums paid by all employers within the same classification, who were active anytime within the thirty-six consecutive months ending on the previous December 31, for all years during which these employers have been subject to this chapter; and
- (b) subtracting therefrom the total of all benefits charged to the accounts of those employers for all years; and
- (c) dividing the difference by the average taxable payrolls of those employers for the three (3) most recent calendar years, ending on the previous December 31.

The 2-digit North American Industry Classification System and the code numbers and the industries or businesses within each classification are:

- 11      Agriculture, Forestry, Fishing, Hunting
- 21      Mining
- 22      Utilities
- 23      Construction
- 31      Manufacturing - food, beverage, tobacco products, textile, apparel, leather and allied product manufacturing
- 32      Manufacturing - wood, paper, printing and related support services, petroleum and coal products, chemical, plastics and rubber, nonmetallic mineral product manufacturing
- 33      Manufacturing - primary metal, fabricated metal, machinery, computer and electronic products, electrical equipment, appliances and components, transportation equipment, furniture and related products, miscellaneous manufacturing
- 42      Wholesale Trade
- 44      Retail Trade - motor vehicle and parts dealers, furniture and home furnishings, electronics and appliances, building material and garden equipment, food and beverage, health and personal care, gasoline stations, clothing and clothing accessories stores
- 45      Retail Trade - sporting goods, hobby, book and music stores, general merchandise, miscellaneous store retailers, nonstore retailers
- 48      Transportation and Warehousing - air, rail, water, truck, transit and ground passenger, pipeline, scenic and sightseeing transportation, support activities for transportation
- 49      Transportation and Warehousing - postal service, couriers and messengers, warehousing and storage
- 51      Information - publishing, motion picture and sound recording, broadcasting and telecommunications, information services and data processing
- 52      Finance and Insurance
- 53      Real Estate and Rental and Leasing
- 54      Professional, Scientific and Technical Services
- 55      Management of Companies and Enterprises
- 56      Administrative and Support and Waste Management and Remediation Services
- 61      Educational Services
- 62      Health Care and Social Assistance

- 71 Arts, Entertainment and Recreation
- 72 Accommodation and Food Services
- 81 Other Services (except Public Administration)

SECTION 4. This act shall take effect upon becoming law, the public welfare requiring it.

**PASSED: May 19, 2004**



JIMMY RAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES



JOHN S. WILDER  
SPEAKER OF THE SENATE

**APPROVED this 7<sup>th</sup> day of June 2004**



PHIL BREDEZEN, GOVERNOR